

Racial Heterogeneity and Corporate Social Responsibility Disclosure: Evidence from Industrial Goods Manufacturing Firms in Nigeria

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ABSTRACT

This study ascertained the effect of the size of the firm and age in moderating the relationship between racial heterogeneity and corporate social responsibility disclosure of listed industrial goods manufacturing firms in Nigeria. Ex-post facto research design was employed. Secondary data were sourced and computed for the 38 sampled quoted manufacturing companies for the period 2010-2019. Pearson's correlation coefficient and ordinary least square statistics were used to test the hypothesis by means of Microsoft software - STATA 13.0 version. The result revealed that there is no significant effect of racial heterogeneity on corporate social responsibility of quoted manufacturing firms in Nigeria. Based on this, there is the need to encourage more nationals in the boardroom as racial heterogeneity does not matter for corporate social responsibility, as a way, there should be more of local than foreign boardroom members in the board.

KEYWORDS: *Racial heterogeneity, corporate social responsibility and Industrial goods firms*

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INTRODUCTION

Board of Directors are the apex decision making body in a corporation (Shaukat, Qiu, & Trojanowski, 2016), and play an important role in the governance of the company (Fama & Jensen, 1983). They are vial elements in the internal corporate governance of the company. The internal governance mechanisms "involves the system of rules, practices and processes by which a company is directed and controlled" (Ong & Djajadikerta, 2017).

A good corporate governance practices ensure an effective board monitoring with an enhanced ability to address stakeholders' demands (Moneva, Bonilla-Priego, & Ortas, 2019). Presently, boards of many corporations are facing increasing pressure from stakeholders on corporate social responsibility issues (Rahim, 2012). The issue of boardroom heterogeneity has gained a widespread attention in the academic and business literature at global and national levels (Bassyouny, Abdelfattah, & Tao, 2020; Cordeiro, Profumo, & Tutore, 2020). Khatib, Abdullah, Elamer, and Abueid (2020, p.3) defines boardroom heterogeneity as "heterogeneity among the members of boards in terms of age, gender, ethnicity, nationality, education, and experience".

Boardroom heterogeneity often leads to "greater insights into markets, customers, employees and business opportunities", which can translate to better corporate

performance (Thomsen & Conyon, 2012). Boardroom heterogeneity has a positive impact on policy and decision making (Hartmann & Carmenate, 2020) as well as corporate social responsibility (CSR) involvement (Beji, Yousfi, Loukil, & Omri, 2020; Garcia-Torea, Fernandez-Feijoo, & de la Cuesta, 2016; Lau, Lu, & Liang, 2016). Boardroom heterogeneity is one of the most important factors that signal various dimensions of a board (Kang, Cheng, & Gray, 2007).

Recently attention has magnified on the issue of boardroom heterogeneity and its consequent effect on CSR (Endrikat, Villiers, Guenther & Guenther, 2020). In a survey of CEO's by the United Nations Global Compact-Accenture (2019), 94% of over 1,000 participating CEOs around the world agree that CSR issues pay a significant role the future success of their business. Boards are therefore considered key players in firms' CSR activities (Endrikat, Villiers, Guenther, & Guenther, 2020) but how effectively it performs this activity differs between boards (Hoang, Abeysekera, & Ma, 2016). Boardroom heterogeneity helps management show responsibility beyond shareholders (CIMA, 2011), from representation of other stakeholders, such as females and customers, in decision-making positions (Wolfman, 2007; Kanner, 2004; Carter, Simkins, & Simpson, 2003).

The literature is scanty with regards to the issue of age heterogeneity and CSR disclosure; hence, there is a limited study of this nature in Nigerian context. Besides, the prior studies investigations into the relationship between boardroom heterogeneity and corporate social responsibility are uncertain and contradictory; ranging from positive, to negative statistical insignificant. The issue of nationality or racial background has equally not been looked at in in-depth the corporate governance literature by academic scholars (Akram, ul Haq, Natarajan, & Chellakan, 2020). This creates a gap in the literature as majority of related studies were carried out in western countries (Harjoto, Laksmana, and Lee (2015) and Hafsi and Turgut (2013) in U.S.A. Based on the above research problem, the main objective of this study is to ascertain the effect of racial heterogeneity on corporate social responsibility disclosure of listed industrial goods manufacturing firms in Nigeria.

Review of Related Literature

Boardroom heterogeneity promotes more discussion of ideas (Chandler, 2005; van Knippenberg, De Dreu, & Homan, 2004) and implies that members are more representative of the different stakeholders (CIMA, 2011). This results from representation of wider stakeholders, such as female employees, ethnic and national diversities, age groupings, among others in the decision-making process (Wolfman, 2007; Kanner, 2004; Carter, Simkins, & Simpson, 2003).

Boardroom heterogeneity is of two forms, these are: observable and less observable heterogeneity. Observable heterogeneity includes race or nationality, ethnic background, gender and age. On the other hand, less observable heterogeneity include industry experience, education, functional and occupational backgrounds, organizational membership, life experience, and personal attitudes (ACCA, 2015; Kang, Cheng, & Gray, 2007). Homogeneous boards are usually less effective in governance, which negatively impacts firm performance (Bear, Rahman, & Post, 2010; Kuhnen, 2009).

The latest National Code of Corporate Governance, for the Private sector, Public sector and Non for profit Organization released in November 2016, identified the importance of diversity in (Part B, 5.1:8) by stating:

The board shall be of a sufficient size relative to the scale and complexity of the company's operations and be composed in such a way as to ensure best practices and diversity of experience and gender without compromising competence, independence, integrity, and availability of members to attend and participate effectively in meetings.

Meanwhile, Weyzig (2009) identified three major perspectives of CSR: the stakeholder perspective, broad objectives and the neo-liberal perspective. The first perspective observes that corporations have certain responsibilities toward their stakeholders and CSR is defined in negative terms; thus, what the organization should not do. The second perspective shows that CSR requires a proactive approach in order to promote sustainable development. This could be achieved through initiatives in areas where the company can make valuable contributions. The neo-liberal perspective claims that the company will create greater social welfare through the pursuit of its own objectives of private profit, than by assuming other responsibilities.

Racial Heterogeneity and Corporate Social Responsibility

Racial heterogeneity pertains to having a mix of individuals from various racial backgrounds. Zaid, Wang, Adib, Sahyouni, and Abuhijleh (2020) explain that it refers to the presence and existence of foreign directors from different nationalities on the boardroom. Racial diversity is presently being considered an integral part of every business (Sharma, Moses, Borah, & Adhikary, 2020). The Deloitte (2017) study states that ethnic composition of the board should be such to ideally represent the focal areas of operation.

Racial heterogeneity is crucial for two reasons: *first*, with foreigners on the board, a large stock of qualified candidates would be available for the board (with broader industry experience). With the presence of foreign independent directors on a board, their international experience and background, brings with it value add to the firm (Masulis, Wand, & Xie, 2012). *Second*, because of their different backgrounds, foreign members can add valuable and diverse expertise which domestic members do not possess (Lee & Farh, 2004). The Alliance for Board Diversity (2005) reported that 14.9 per cent of directors in the Fortune 100 companies are from minority racial groups. In addition, while there were no African-American directors on Fortune 500 boards in 1960, there were over 150 African-American directors by 1995, and 260 directors by 2005 (Executive Leadership Council, 2006).

The number of Hispanic directors also increased to 3.1 per cent of Fortune 500 board seats in 2006, a 26 per cent increase since 2003 (Hispanic Association on Corporate Responsibility, 2007). The inclusion of foreigners to the board increases board independence (Randøy, Thomsen, & Oxelheim, 2006); which, from an agency perspective, Oxelheim and Randoy (2001) help assure foreign minority investors that their interests are safeguarded.

According to Brickley and Zimmerman (2010) "foreign independent directors can enhance the advisory capability of boards" and thereby strengthen CSR practice. This is supported by the study of Khan (2010) which reported that foreign nationals on board support corporate social responsibility reporting. Zhang (2012) on a sample of publicly traded firms in Fortune 500 showed that racial diversity of the board is positively related to institutional strength rating. In Malaysia, Haniffa and Cooke (2005) revealed evidence of positive association between proportion of Malay directors and extent of voluntary disclosure. However, Branco and Rodrigues (2008) in Kenya found no association between the ratio of foreign directors on the board and CSR reporting initiatives.

Empirical Studies

Hartmann and Carmenate (2020) analysed the effect of board diversity on corporate social responsibility reputation. The sample comprised of 146 observations from the year 2013 to 2017. The study utilised secondary data from financial statements and the CSR reputation scores from the RepTrak Database. The results showed a significant positive effect of ethnic diversity on CSR reputation scores. Joubert (2020) analysed the effect of board diversity on different components of CSR diverse. The study sample comprised of 2,544 nonfinancial listed firms from 42 countries from 2013 to 2017. The study relied on secondary data which was analysed using a panel generalised method of moments estimator. The results showed support for a positive effect of

board diversity on CSR. Specifically, the study reported that nationality diversity drive CSR performance in two-tier board scenarios. Beji, Yousfi, Loukil, and Omri (2020) examined the influence of board diversity on corporate social responsibility in France. The sample comprised of all listed firms in the French SBF from 2003 to 2016. The study relied on secondary data analysed using multiple regression technique. The results showed that presence of foreign directors is positively linked with environmental performance and community involvement.

Sharma, Moses, Borah, and Adhikary (2020) investigated the impact of workforce racial diversity on corporate social responsibility performance. The sample comprised of 204 firms from 9 industries across 21 countries for a period of six years. The study relied on secondary data which was analysed using the seemingly unrelated regression technique. The results showed that racial diversity has an inverted *u-shaped* relationship with firm financial and social performance; and, a *u-shaped* with environmental performance. Akram, ul Haq, Natarajan, and Chellakan (2020) investigated the impact of occupational (educational) and social heterogeneity (gender and national) on firm performance. The sample comprised of 375 non-financial firms listed on Pakistan Stock Exchange for the years 2010-2016. The study relied on secondary data obtained from annual reports of the firms. The data were analysed using the ordinary least square method. The results showed that nationality diversity had a significant positive effect on firm performance. Yarram and Adapa (2020) examined the effect of gender diversity on corporate social responsibility of firms in Australia. The sample comprised of 214 companies drawn from the S&P/ASX300 index for the period 2011 to 2016. The study is based on secondary data from the ASSET4 module of the Thompson Reuters Datastream and Worldscope databases. The data are analysed using the two-step systems generalized method of moments (GMM) technique. The results showed that percentage and number of female directors had a positive significant effect on total CSR; however, this turned to a negative effect on the negative CSR dimension utilised in the study. More so, firms with a threshold of one female director also showed support for this relationship which was not significant. However, firms with a threshold of two and three female directors showed a significant support for this relationship. Rahman, Zahid, and Jehangir (2020) evaluated the effect of age difference on corporate performance in Malaysia. The sample comprised of 360 non-financial firms listed on Bursa Malaysia. The study utilised secondary data obtained from annual reports and Thomson Reuters DataStream for the years 2010 to 2014. The data were analysed using multiple regression technique. The results showed that ethnic diversity had a significant positive relationship with ROA and share price. Zaid, Wang, Adib, Sahyouni, and Abuhijleh (2020) investigated the impact of nationality diversity on corporate sustainability performance in Palestine. The sample comprised of 33 firms, which gave rise to 198 firm-year observations. The study relied on secondary data obtained from annual reports for 2013-2018. The employed the two-step generalized method of moments (GMM) model in analysing the data. The results showed that number of foreign directors and proportion of foreign directors had positive insignificant effect on corporate sustainability disclosure. The Blau index measure showed a positive insignificant effect of nationality diversity. Colakoglu, Eryilmaz, and Martínez-Ferrero (2020) investigated the

effect of board diversity on corporate social responsibility of firms in Turkey. The sample comprised of 117 firms listed on the '500 biggest Turkish companies' report of 'Istanbul Chamber of Industry (ISO)'. The study relied on secondary data from annual reports in 2015. The data were analysed using hierarchical regression analysis. The results showed that foreign directors had a positive insignificant effect on corporate social responsibility performance. Musa, Gold, and Aifuwa (2020) examined the effect of board diversity on extent of sustainability reporting among listed industrial goods firms in Nigeria. The sample comprised of 13 industrial goods manufacturing firms listed on the Nigerian Stock Exchange. The study relies on secondary data obtained from annual reports from 2014 to 2018. The data are analysed using panel least squares regression technique. The results showed that board member nationality had a positive insignificant effect on sustainability reporting. Anazonwu, Egbunike, and Gunardi (2018) investigated the influence of corporate board diversity on sustainability reporting in Nigeria. They sample comprised of firms in the Conglomerates, Consumer goods and Industrial goods sector, and used secondary data, extracted from annual financial reports. They used a fixed effects panel regression to test the hypotheses. The results showed that a non-significant negative effect of board member nationality on sustainability reporting. Nwakoby, Ezejiofor and Ajike (2018) examined the effect of board characteristics on directors tunneling of conglomerates firms in Nigeria. The study adopted *Ex post facto* research design. Multiple regression analysis and Pearson Coefficient Correlation were employed to test hypotheses with aid of SPSS Version 20.0. The study found that board size has negative significant relationship on related party transaction of conglomerates firms in Nigeria. Also that board independent has positive significant relationship on related party transaction of conglomerates firms in Nigeria. Opusunju and Ajayi (2016) investigated the impact of corporate governance on corporate social responsibility in Nigeria. They used a case study of Dangote group of companies. They used ordinary least squares to analyze the data. The study finds that a corporate governance proxy as foreign directors significantly contributes to corporate social responsibility in terms of basic social amenities. Majeed, Aziz, and Saleem (2015) investigated the effect of corporate governance variables on corporate social responsibility in Pakistan. They used a sample of 100 Pakistani companies listed on the Karachi Stock Exchange (KSE), for the period 2007–2011. The correlation results showed that foreign directors had both positive and negative relationship with corporate social responsibility in different time periods. The regression analysis showed that foreign directors had no significant effect on corporate social responsibility. Harjoto, Laksmana, and Lee (2015) examined the impact of board diversity on corporate social responsibility (CSR) of U.S. firms. They sample comprised 1,489 U.S. firms from 1999 to 2011. They used seven different measures of board diversity (gender, race, age, director experience, tenure, director power, and director expertise). The study finds that racial diversity is positively associated with CSR performance. Muttakin, Khan, and Subramaniam (2015) investigated the relationship between firm size, profitability, board diversity (gender and nationality) and extent of corporate social responsibility (CSR) disclosure in Bangladesh. The sample comprised of 116 listed Bangladeshi non- financial companies for the period of 2005-2009. The study is based on secondary data

via content analysis and was analysed using multiple regression technique. The results showed that foreign directorship had a positive impact on CSR disclosures. Alhazaimah, Palaniappan, and Almsafir (2014) investigated the relationship between corporate governance and voluntary disclosure in Jordan. They used a sample of 72 firms listed in the Amman Stock Exchange (ASE), for the period 2002-2011. They used dynamic panel system GMM estimation. The result showed a greater corporate governance awareness and implementation in Jordan and finds no significant influence of foreign ownership on voluntary disclosure. Hafsi and Turgut (2013) investigated the effect of boardroom diversity on CSP of S&P500 firms. The study adopts a quantitative approach and the data analysed using the regression technique. The results revealed that director ethnicity had a non-significant effect on CSR. Soliman, El-Din, and Sakr (2012) examined the relationship between ownership structure and corporate social responsibility in Egypt. The sample comprised 42 Egyptian firms from 2007-2009. The study finds that there is a significant positive correlation between foreign ownership and corporate social responsibility disclosure. Oh, Chang, and Martynov (2011) examined the relationship between ownership structure and corporate social responsibility in Korea. The sample comprised 118 Korean firms in 2006. The study finds a significant positive correlation between foreign ownership and corporate social responsibility disclosure. The study conducted by Hung (2011) in Hong Kong investigated the role of directors' in implementing CSR. The study relied on primary data from 120 corporate directors and descriptive analytical procedures. The study found support for an improved concern by directors for stakeholders to play a role in enhancing CSR. Kemp (2011) evaluated the nexus of corporate governance and corporate social responsibility in Australia. The study relied on qualitative (interview) data from board members and non-executive directors from 5 companies listed in the Business Review Weekly (BRW) top-25 companies and other secondary sources. The results found support for improved transparency of corporate activities and a need to balance the profit goal with CSR hence emphasizing that Board is a major player in CSR. Darmadi (2010) examined the association between diversity of board members and financial performance of firms listed in Indonesian Stock Exchange (IDX). Three demographic characteristics of board members-gender, nationality, and age-are used as the proxies for diversity. Using a sample of 169 listed firms, this study finds that nationality diversity have no influence on firm performance.

Racial heterogeneity of directors is also not usually accounted for in prior studies; measuring racial diversity as the proportion of foreign director's studies present mixed findings on the subject. Beji, Yousfi, Loukil, and Omri (2020) in France reported a positive effect; using cross-country data Sharma, Moses, Borah, and Adhikary (2020) finds an inverted *u-shaped* relationship; Akram, ul Haq, Natarajan,

and Chellakan (2020) in Pakistan showed a positive effect; and, in Nigeria Opusunju and Ajayi (2016) found a positive effect. Other studies report a negative or no relationship (cf Majeed, Aziz, & Saleem, 2015). Differing results could be attributed to measurement bias from approach used. This explains why the study by Harjoto, Laksmana, and Lee (2015) in the U.S. used the diversity index and reported a positive effect.

Methodology

This study adopted the *ex-post facto* research design. Thus, the researcher have no control over these factors or variables as the events already exist and can neither be manipulated nor changed.

The target population of the study is all publicly quoted manufacturing companies in Nigeria; however, as at 31st December, 2019, there are forty-eight (48) quoted manufacturing companies on the NSE.

Given the nature and aggregate characteristics of manufacturing companies publicly quoted on the NSE, a non-probabilistic sampling technique (purposive sampling) was employed in selecting a sample of thirty-eight (38) manufacturing companies out of the forty-eight (48) companies, representing 79 per cent of the entire population.

Method of Data Collection

The study used secondary data which were obtained from the financial statements of manufacturing companies publicly quoted on the floor of the NSE for the year ended 31 December 2019. Audited financial statements were used in the study since they are a credible source of financial and non-financial information and are also freely available.

Method of Data Analysis

The data of the study analyzed in diverse phases and in order of precedence - (correlation matrix).

Pearson's correlation coefficient assesses the relationship between two variables. Correlation co-efficient is a measure of the strength of linear association between two variables. The Ordinary Least Square (OLS) estimation technique and fixed effect (FE) and random effect (RE) regression was used in validating the study hypotheses, given that the study employed panel data.

The statistical analysis was carried out by means of Microsoft software - STATA 13.0 version.

This study builds on existing models of Katmon, Mohamad, Norwani and Al Farooque (2017); Cucari, Esposito De Falco and Orlando (2017); Ding and Kong, (2017); Harjoto, Laksmana and Lee (2015). In view of the above, the following regression models were formulated as follows:

$$CSDI = F(\text{racialhet}) \dots\dots\dots 1$$

$$CSDI = F(\text{racialhet}, \text{fsize}, \text{fage}) \dots\dots\dots 2$$

Table 1: Measurement of Variables

S/N	Variables	Measurement
1	Corporate social responsibility (CSR)	The average value of all social disclosure index (local community, social donations and gifting, employee training, health/safety, customer complaints disclosures)
2	Racial heterogeneity	The ratio of board member from various racial or foreign backgrounds; (dummy 1,0) is computed as "1" for companies that have foreign directors and "0" if otherwise.
3	Firm Size	The natural logarithm of year-end total assets
4	Firm Age	The listing age of firm. Computed as the difference between current years minus year of listing in the stock exchange + 1.

Source: Compiled by the Researcher, 2021

Decision Rule

Reject H_0 if the P-value of the test is less than α -value (level of significance) at 5%, otherwise accept H_0 .

Table 2: Correlation Matrix of the Variables

Statistics	csr di	rach et	fsize	fage
Csrdi	1.000			
Rachet	0.017	1.000		
Fsize	0.517	0.279	1.000	
Fage	0.356	0.319	0.045	1.000

Source: Computed by Researcher, via STATA 13.0 software

Table 2 shows the correlation matrix for corporate social responsibility (*csr di*), boardroom heterogeneity (*rach et*) and control variables (*fsize*, and *fage*); result suggests that correlations between corporate social responsibility, racial heterogeneity (*rach et*), firm size (*fsize*) and firm age (*fage*) are positive.

Table 3: OLS Result showing the Relationship between Corporate Social Responsibility (*csr di*) and Racial Heterogeneity (*rach et*)

Source	SS	df	MS	Number of Obs. = 377	
Model	.004836348	1	.004836348	F(1, 375)	= 0.11
Residual	15.8383461	375	.04223559	Prob > F	= 0.7353
Total	15.8431825	376	.042136124	R-squared	= 0.0003
				Adj R-squared	= -0.0024
<i>csr di</i>	Coef.	Std. Err.	t	p> t	95% Conf. Interval
<i>rach et</i>	.0075219	.0222283	0.34	0.735	-.0361859 .0512297
_cons	.7268293	.013103	55.47	0.000	.7010647 .7525939

Source: Computed by Researcher, via STATA 13.0 software

In Table 3, the OLS result was presented; it was found that the values of R-squared and adjusted R-squared were (0.0003%) and (-0.0024%) respectively. This implies that the independent variable (*rach et*) explained about 0.3% of the systematic variation in the dependent variable (*csr di*). The low R-squared revealed that there are more excluded variables that determine the dependent variable.

More so, the F-statistics (df=1, 375, f-ratio=0.11) with a p-value of 0.7353 revealed that the result is statistically insignificant at 5percent level which means that racial heterogeneity insignificantly affects corporate social responsibility. Besides, an increase in racial heterogeneity will lead to 0.7% increase in corporate social responsibility as shown in coefficient for *rach et*. Furthermore, racial heterogeneity (t-value = 0.34) appears to have a positive effect on corporate social responsibility and was statistically insignificant at 5%.

Test of Hypothesis

Adapting the Ordinary Least Square (OLS) statistical tool, hypothesis two was tested to examine the effect of racial heterogeneity on corporate social responsibility of quoted manufacturing firms.

H_0 1: There is no significant effect of racial heterogeneity on corporate social responsibility of quoted manufacturing firms.

Table 4: Results of Model 2 Showing Racial Heterogeneity and Corporate Social Responsibility of Quoted Nigerian Manufacturing Companies

Dependent Variable: Corporate Social Responsibility (CSRDI)						
Estimator	OLS (Obs.=377)		FE (Obs.=377)		RE (Obs. =377)	
Variable	Coef.	Prob.	Coef.	Prob.	Coef.	Prob.
<i>rach et</i>	.0075 (0.34)	0.735	.0218 (1.01)	0.313	.0186 (0.86)	0.390
R-Squared	0.0003					
R-Squared Adj.	0.0024					
Prob. F.	0.7353					

R-Squared (within)		0.0028		0.0028	
R-Squared (between)		0.2098		0.2098	
R-Squared (overall)		0.0003		0.0003	
Wald Ch2				0.74	
Prob. Ch2				0.3901	
Hausman Test		Chi2(2) = 3.78		Prob>Chi2= 0.0518	

Source: Computed by Researcher, via STATA 13.0 software * significant at 1% level ** at 5% level Items in parentheses are t-ratios; *rachet* = racial heterogeneity; *csrdi* = corporate social responsibility

Table 4 presents the results of Ordinary Least Square (OLS), Fixed Effect (FE) and Random Effect (RE) for racial heterogeneity (*rachet*) and corporate social responsibility (*csrdi*) of the entire panel data. In model 2, we found that *rachet* is insignificant at 1% level in explaining *csrdi*. The output of FE indicates that *rachet* has a larger beta coefficient in absolute terms than OLS and RE. Using OLS and RE, the coefficient of *rachet* is .0075 and .0186 respectively, indicating that when publicly quoted manufacturing companies' boardroom race is heterogeneous, it will lead to approximately 7.5% change in their level of *csrdi*.

Furthermore, beta coefficient for FE is .0218 but both FE and RE are insignificant at 5% levels. In the case of the coefficient of FE (.0218), it implies that when publicly quoted manufacturing companies boardroom race is heterogeneous, it will lead to approximately 21.8% change in their level of *csrdi*. The t-tests of *rachet* are 0.34, 1.01 and 0.86 for OLS, FE and RE respectively. the t-test further confirms that *rachet* is significant in explaining *csrdi*. However, the R^2 is 0.0003 for OLS and his higher than both FE and RE. F-statistics is 0.11 with a probability value (p-value) of 0.7353 which is insignificant; this provides support for the hypothesis that there is a positive relationship between racial heterogeneity and corporate social responsibility among selected publicly quoted manufacturing companies in Nigeria.

The results of Hausman specification tests are: $\chi^2(2)=3.78$ and p-value= 0.0518; this implies that Random Effect is more efficient than Fixed Effect (FE). The result of FE showed that the subjects from which measurements are drawn from are random, and that the differences between publicly quoted manufacturing companies in Nigeria are therefore not of interest, thus the subjects and their variances are not identical.

Decision: Reject H_0 if the P-value of the test is less than α -value (level of significance) at 5%, otherwise accept H_1 . Since Wald χ^2 -statistics is 3.78 with a probability value (p-value) of 0.0518 showing that it is insignificant, we reject of the alternate hypothesis and accept of the null hypothesis. This shows that there is no significant effect of racial heterogeneity on corporate social responsibility of quoted manufacturing firms in Nigeria.

Conclusion and Recommendation

The result shows that racial heterogeneity has no significant effect on our dependent variable, corporate social responsibility. A-priori expectations are that boardroom heterogeneity measures (racial) and control variables (firm size and age) was positively related with CSR; the result of our study conform to a-priori expectation. Besides, the Pearson coefficient did not exceed the maximum threshold of 0.8, as recommended by Gujarati (2003), suggesting the absence of multi-collinearity among pairs of independent variables of the study. This finding was therefore supported by the finding of Hartmann and Carmenate (2020); Opusunju

and Ajayi (2015), but negates our aprori expectation and the view of Musa, Gold and Aifuwa (2020); Hafsi and Turgut (2013); Majeed, Azizi and Saleem (2015). Based on this, there is the need to encourage more nationals in the boardroom as racial heterogeneity does not matter for corporate social responsibility. As a way, there should be more of local than foreign boardroom members in the board.

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